

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7520

BILL NUMBER: HB 1344

DATE PREPARED: Feb 27, 2001

BILL AMENDED: Feb 27, 2001

SUBJECT: Industrial Rail Service Fund.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill removes a provision that allows money from the Industrial Rail Service Fund to be used for a grant to serve as local matching funds in carrying out a demonstration project for the relocation of railroad lines from the central area of a city under the Federal-Aid Highway Act of 1973. It provides that \$50,000 annually from the Industrial Rail Service Fund shall be provided to the Department of Transportation for rail planning activities, and allows for grants to a Class II or a Class III railroad for the rehabilitation of infrastructure.

It specifies the passive railroad crossing safety improvement projects: (1) by local units of government; and (2) submitted by railroad companies that the Railroad Grade Crossing Fund may be used for by the Indiana Department of Transportation.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) The uses of the Industrial Rail Service Fund are statutorily limited to six provisions. This bill replaces one of the provisions with an annual appropriation of \$50,000 to the INDOT for rail planning activities. Removing the provision that allows money from the Fund to be used for a grant to serve as local matching funds in the relocation of railroad lines will have an indeterminable impact on the Fund, depending on the number of projects that might have qualified under this provision. (The relocation project for which this Fund was used has been completed in Lafayette.)

The new provision, an annual appropriation of \$50,000 to the INDOT for rail planing activities, means that this amount may not be used for other purposes.

The fiscal impact of expanding how grants to Class II and Class III railroads for rehabilitation of railroad **infrastructure** rather than tracks will depend upon the number and the amount of grants which will be used for the new and expanded purposes as opposed to the more limited purpose.

Background: The Industrial Rail Services Fund is funded with a distribution of 0.04% from the State Sales Tax. The table, below, shows the activity in the Industrial Rail Service Fund for the last three fiscal years.

Revenues	FY 98	FY 99	FY 00
Sales Tax	\$1,320,801	\$1,372,950	\$1,484,285
Interest	\$263,374	\$226,943	\$232,651
Late Fees	\$49,987	\$0	\$0
Repayment of Loans	<u>\$298,200</u>	<u>\$303,112</u>	<u>\$1,026,919</u>
Total	\$1,932,200	\$1,903,112	\$2,743,855
Expenditures			
Grants	\$275,000	\$565,000	\$4,355,990
Loans	<u>\$800,000</u>	<u>\$0</u>	<u>\$0</u>
Total	\$1,075,000	\$565,000	\$4,355,990

The amendment of 2/27/01 expands the uses of the Railroad Grade Crossing Fund and who may submit projects for consideration. The balance in the Fund as of 2/26/01 amounted to \$609,259. Expenditures for FY 1999 and FY 2000 have totaled approximately \$966,400.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See Explanation of State Expenditures.

State Agencies Affected: Department of Transportation as administrators of the Industrial Rail Service Fund.

Local Agencies Affected: Those units which operate a Class II or Class III railroad, City of Madison operates a Class III railroad. Those units of government who submit projects for use by the Rail Grade Crossing Fund.

Information Sources: Ron Thomas, Director of Special Projects for the Indiana Department of Transportation, 232-5518.